

Appl. No.: 09/812,452
Amdt. dated 04/13/2006
Reply to Office action of January 18, 2006

REMARKS/ARGUMENTS

The amendments above and the remarks below are in response to an Office Action mailed on January 18, 2006 in the above-listed application. Claims 1-29 are pending and Claims 26-29 have been withdrawn in response to a restriction requirement. In the Office Action, all of Claims 1-25 were rejected. In particular, Claims 1-5, 8, 9, 12, 14-17, 20-21 and 24 were rejected under 35 U.S.C. §103(a) over the background of the present application and U.S. Patent No. 5,590,038 to Pitroda ("Pitroda"). The remaining claims were rejected under 35 U.S.C. §103(a) over additional references including U.S. Patent App. Pub. 2002/0174030 to Praisner et al. ("Praisner"), U.S. Patent No. 6,065,675 to Teicher ("Teicher"), an American Express webpage and a Barron's Dictionary of Business Terms definition for revolving credit.

Independent Claim 1 of the present application recites a hybrid credit card, a logic enabled merchant with a point-of-sale terminal, an affiliated acquiring entity and an affiliated card-issuing entity. The point-of-sale terminal of Claim 1 has program logic that is configured to identify the hybrid credit card and to label the transaction associated therewith as a virtual closed loop transaction. The affiliated acquiring entity is configured to detect the labeled virtual closed loop transaction and send it directly to the affiliated card issuing entity, bypassing the clearinghouse. The affiliated acquiring entity can also detect standard transactions and send them through the clearinghouse as if it were normal transaction. The term "affiliated" indicates that the two entities have an agreement to bypass the clearinghouse for virtual closed loop transactions.

Background Section

In the background section of the present application, two separate credit card transactions are described. Standard transactions in which the acquiring entity must use the clearinghouse when different from the issuing entity. Also described are "on-us" transactions where the acquiring entity and issuing entities are the same and therefore able to recognize the card and skip the clearinghouse.

Appl. No.: 09/812,452
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In contrast, the present invention as recited by Claim 1 has separate acquiring and issuing entities. But, because the point-of-sale terminal labels the closed loop transactions, the acquiring entity knows to bypass the clearinghouse and send the transaction directly through to the issuing entity. Thus, the acquiring entity and the card issuing entity need not be the same entity. Claim 1 has been amended for clarity to recite "wherein the acquiring entity and the card issuing entities are separate entities." In addition, Claim 1 has been amended to recite that the entities are "affiliated by an agreement to bypass the clearinghouse."

Pitroda

Pitroda discloses a universal electronic transaction (UET) card that allows the user to select from a number of credit card accounts before proffering the card to the point-of-sale. The following steps are listed by Pitroda at column 6, lines 19-36:

(1) selecting from a UET card a service institution account from a group of service institution accounts; (2) establishing an electronic communication between the universal electronic transaction card, a point of transaction system and a service institution system; (3) transmitting from the universal electronic transactions card to the point of transaction system the account information for the selected service institution account; (4) transmitting from the point transaction system to the service institution system transactional information for the credit transaction and the service institution account; (5) in the service institution system, screening the service account and transactional information to determine whether the account is valid and whether the credit transaction is within predetermined credit limits for that account; and (6) for valid accounts and credit transactions within predetermined limits, transmitting an authorization for the credit transaction to the point of transaction system.

Although disclosing a card that can be used on different credit accounts, in Pitroda it is the user that selects the credit line being accessed prior to proffering the card to the point-of-sale terminal.

Appl. No.: 09/812,452
Amdt. dated 04/13/2006
Reply to Office action of January 18, 2006

Other than having a more sophisticated mode of electronically obtaining the credit card account number, the point-of-sale of Pitroda goes through the normal clearing and transmission steps of a standard credit card transaction. The point-of-sale terminal of Pitroda has no logic enabled to detect and label a closed loop transaction so that a separate, but affiliated, acquiring entity and issuing entity can bypass a clearinghouse.

Teicher

Teicher discloses a heterogeneous stored-value system that offers interoperability among a number of proprietary payment card brands with differing fee structures. Each brand of charge function has its own loading terms and settlement terms. A single payment card may have more than one charge function and may therefore be associated with more than one brand.

In one embodiment, Teicher discloses that the card bears both a charge function and an electronic cash purse. The card is first loaded with electronic cash at a loading device using a charge payment of a particular brand. Column 11, lines 11-15 of Teicher. When the card is used at an "enhanced POS," a system manager decides whether to charge the cash purse or the charge function depending upon the amount of the transaction. Column 11, lines 44-56 of Teicher. Alternatively, the cardholder can decide whether to use the cash purse or the charge function. The brand of the charge function or electronic cash is detected by its association with an ID number and is directed to the settlement systems associated with the brand.

Teicher discloses a single payment card that has more than one brand of charge function where each charge function is associated with an ID number. However, detection of the ID number and routing of the transaction occurs at the point-of-sale and not at the acquirer. Once the transaction leaves the point-of-sale, it enters a conventional settlement system and is treated as such. "The system makes use of existing settlement practices and fee structures..." Abstract of Teicher.

Appl. No.: 09/812,452
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Teicher also discloses that acquirers sign merchants on contracts specifying the terms and fees for a charge brand and issuers sign customers on their charge function usage terms and fees. Column 16, lines 50-67 of Teicher. However, Applicant's attorney could find nothing in Teicher disclosing an agreement between an acquiring entity and card issuing entity to bypass a clearinghouse when receiving a labeled, closed loop transaction. Teicher also does not suggest such an agreement, since Teicher discloses making use of existing settlement practices and fee structure.

Praisner

Praisner discloses that a typical purchasing card has nine "slots" or MCC groups for unique configuration. Praisner discloses that preferred merchants may be applied to these slots. Praisner, however, discloses nothing about a logic-enabled merchant that is configured to detect and label closed loop transactions. Praisner also discloses nothing about separate acquiring and card issuing entities that have agreed to bypass a clearinghouse for the closed loop transactions.

American Express Webpage

With respect to the American Express webpage, this document has a date of January 11, 2006 and does not appear to be prior art. The present application was filed on March 20, 2001.

The dictionary definition of "revolving credit" discloses nothing about labeling or clearance of a closed loop line of credit.

Summary

As shown above, the cited references, including the background section, Pitroda, Teicher and Praisner, alone and in combination fail to teach or suggest Claim 1. Independent Claim 14 has also been amended, similar to Claim 1, to recite that the acquiring entity and card issuing entities are separate entities affiliated by an agreement to bypass the clearinghouse. The remaining Claims 2-13 and 15-25 depend from, and further patentably distinguish, Claims 1 and 14. The rejections of Claims 1-25 under 35 U.S.C. 103(a) have therefore been overcome.

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In view of the remarks and amendments presented above, it is respectfully submitted that Claims 1-25 of the present application are in condition for allowance. It is respectfully requested that a Notice of Allowance be issued in due course. The Examiner is requested to contact Applicants' undersigned attorney to resolve any remaining issues in order to expedite examination of the present application.

It is not believed that extensions of time or fees for net addition of claims are required, beyond those that may otherwise be provided for in documents accompanying this paper. However, in the event that additional extensions of time are necessary to allow consideration of this paper, such extensions are hereby petitioned under 37 CFR § 1.136(a), and any fee required therefore (including fees for net addition of claims) is hereby authorized to be charged to Deposit Account No. 16-0605.

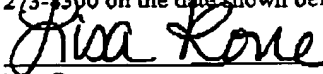
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4/13/06
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12 of 12